



STATE BOARD OF LAND COMMISSIONERS

Dirk Kempthorne, Governor and President of the Board

Pete T. Cenarrusa, Secretary of State

Alan G. Lance, Attorney General

J. D. Williams, State Controller

Marilyn Howard, Superintendent of Public Instruction

Winston A. Wiggins, Secretary to the Board

FINAL MINUTES

Regular Land Board Meeting

December 12, 2000

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, December 12, 2000 in Boise, Idaho. The Honorable Dirk Kempthorne presided. The following members were present:

Honorable Secretary of State Pete T. Cenarrusa
Honorable Attorney General Alan G. Lance
Honorable State Controller J. D. Williams
Honorable Superintendent of Public Instruction Marilyn Howard

Secretary to the Board Stanley F. Hamilton

• **CONSENT AGENDA**

Director Hamilton provided background information on the Consent Agenda items.

A motion was made by Attorney General Lance to approve the Consent Agenda in its entirety. Secretary of State Cenarrusa seconded the motion. The motion carried on a vote of 5-0.

1. **Official Transactions – approved**

- A. Interest Rate Report – November 2000
- B. Timber Sale Official Transactions – October 21 through November 17, 2000
- C. Bureau of Real Estate, Easement Section, Official Transactions – October 2000
- D. Bureau of Real Estate, Land Sale Section, Official Transactions – October 2000
- E. Bureau of Range Management and Surface Leasing, Official Transactions for Cropland, Grazing, Cottage Site, Miscellaneous and Submerged Land Leases – November 2000

2. **Timber Sales – Staffed by Ron Litz, Chief, Bureau of Forest Management – approved**

- | | | |
|--------------------|-----------|-----------|
| A. Blacktail | CR-4-0687 | 4,475 MBF |
| B. Indian Mountain | CR-5-0091 | 3,235 MBF |
| C. Deep Eagle | CR-5-0096 | 3,830 MBF |

3. **Exchange of Land Granted to City of Twin Falls by the State of Idaho to a Private Party – Staffed by Gary Young, Twin Falls City Engineer – approved**

DEPARTMENT RECOMMENDATION: The City of Twin Falls recommended Land Board approval to complete the Exchange as proposed on the condition that the land acquired by the city must be kept

and maintained as a park for the free use and enjoyment of the public as set forth in H. B. No. 50, Ch. 24, 1933 Session Law, Page 31.

BOARD ACTION: Approved.

4. **Addition of Names to Cottage Site Lessee Exchange List for Payette Lake** – *Staffed by Perry A. Whittaker, Chief, Bureau of Real Estate* – **approved**

DEPARTMENT RECOMMENDATION: Department staff request Land Board approval to add names to the Payette Lakefront Cottage Site Exchange Lists.

DISCUSSION: Attorney General Lance asked why exchanges are continuing to be perpetuated when the Land Bank mechanism is now available. Director Hamilton responded that just because the board approves these names for the land exchange list it does not mean the Land Bank could not be used, if it was appropriate to use it. This action is a vehicle that was established by the board some time ago. It simply tells the department and the board that these lessees are ready and available for any kind of land exchange and that the lessees wish to acquire their lots. The board and the department would be able to use the Land Bank if it were public school lands.

State Controller Williams added that if the board uses the new Land Bank, there has to be an auction. The advantage to the lessees is that they would much rather participate in a value-for-value exchange than take a chance of losing their property.

BOARD ACTION: Attorney General Lance stated with that explanation, so that no one feels that the board is bound to enter into an exchange if the board decides to dispose of this property, he would move for the adoption of the Consent Agenda. This agenda item was approved along with the Consent Agenda in its entirety.

5. **Declaration of Zone of Infestation for Douglas-fir Tussock Moth** – *Staffed by Ladd Livingston, Forest Insect & Disease Supervisor* – **approved**

DEPARTMENT RECOMMENDATION: Declare the existence of a zone of Douglas-fir tussock moth infestation.

BOARD ACTION: Approved.

6. **Minutes** – **approved**

A. Regular Land Board Meeting – November 14, 2000

• **REGULAR AGENDA**

7. **Director's Report** – *Presented by Stanley F. Hamilton, Director, Department of Lands*

Summary of fiscal year-to-date 2001 Earnings Reserve Revenue

Available Earnings Reserve Totals:

Public Schools.....	\$34,435,506
Pooled.....	\$31,309,720
Total.....	\$65,745,226
Transfer Out to IDL Operations.....	\$ 6,500,000
Net Revenue from IDL to Earnings Reserve Fund.....	\$59,245,226

The Director's Report is provided monthly for the board's information.

DISCUSSION: Controller Williams asked about the total of all endowments figure. The figure is less than discussed in the past. Director Hamilton stated this is an income approach and it was valued for investment purposes. The figure gives a representation of what the returns are and it is based on the actual income to the trust from the assets.

BOARD ACTION: No action was taken on this agenda item.

8. Endowment Fund Investment Board Manager's Report – Presented by Charles G. Saums, Manager of Investments

October 2000

Total Market Value of Endowment Funds.....	856,151,452.00
Total Market Value of Permanent Corpus	804,172,072.00
Total Market Value of Earnings Reserve	51,979,380.00

The EFIB Manager's Report is provided monthly for the board's information.

BOARD ACTION: No action was taken on this agenda item.

9. Federal Lands Task Force Working Group – Report Presentation – Presented by John McGee, Coordinator, Federal Lands Task Force Working Group and Members of the Working Group

Several of the Federal Lands Task Force Working Group members presented comments and a final report to the Land Board. February 1, 2001 was set as a target date to receive public comment on the report. Draft federal legislation will also be prepared.

Governor Kempthorne welcomed the members of the Working Group and, on behalf of the board, he thanked the Group for the many hours they have devoted to this effort.

AUDIENCES WITH THE BOARD

- **Jay O'Laughlin**

[Background. Mr. O'Laughlin was a member of the Federal Lands Task Force that presented its report to the board in July 1998. He is the Director of the Policy Analysis Group at the University of Idaho, College of Natural Resources. In that role, Mr. O'Laughlin has worked on many federal lands issues, including the University of Idaho, Policy Analysis Group Report Number 16 on the history and analysis of federal lands in Idaho.]

Mr. O'Laughlin: The report delivered to the board in 1998 analyzed ten different models for managing federal lands. The Task Force report recommended pilot projects testing three of those different models. Number one is a cooperative model, number two is a collaborative model and number three is the trust land management model.

The pilot projects are about changing the rules for managing federal lands. The projects are carefully designed to streamline implementation of the federal laws so that conditions of plant, wildlife, fish and human communities in Idaho will be improved.

Why pilot projects? Controller Williams wrote in his 1995 report that given the same rules that federal land managers are placed under by federal laws, there is no way other managers could do a better

job managing the federal lands than the federal land managers do. I agree with that. As a natural resource educator, researcher and policy analyst, I have been continually impressed by the professionalism and dedication of federal land managers.

When the Land Board chartered the Federal Lands Task Force and the Task Force Working Group, they were asking if we, the people of Idaho, can help create new approaches to managing the federal lands that overcome some of these main hurdles that federal land managers face. The answer is yes, we can, and yes, we have.

Former BLM Director Marion Clawson said that today's resource managers are no less creative than those who established the national forests and our public land management systems. These managers can innovate. Let them try.

These pilot projects are **not** about two things: (a) these projects are **not** about changing the planning laws or the environmental laws that govern the decisions affecting federal lands. But the implementation of those laws can be improved and streamlined. This report today indicates how each of five proposed pilot projects would do that; (b) these projects are **not** about the state taking control over the management of federal lands. Under these projects, federal lands remain federal lands and federal managers remain in place. Some promises and pitfalls lie ahead for these projects.

The promise: that management based on collaboration between different interests will improve ecological conditions while providing the products and services that the people expect from these lands in an effective and efficient manner.

The pitfalls: people care deeply about these federal lands for many varied reasons. Bringing different people together to forge a common vision of what these lands should look like and what goods and services they should provide will be a difficult job. But it is the right thing to do.

People all over the west are designing and implementing collaborative approaches to reach an agreement on what these lands should be used for, what should be done with them, in the hopes that things will change for the better.

In conclusion, the Task Force I served on from 1996 to 1998 recommended three models for improving the federal lands situation. All three feature a collaborative mechanism. The five projects described in the Working Group report today are all rooted in the belief that collaboration is the most appropriate way to improve federal land management. But these projects go a step beyond that. They attempt to streamline the cumbersome, lengthy and expensive decision processes that tie the hands of federal land managers preventing them from taking the on-the-ground actions that will improve conditions on the land and in their local communities.

The Task Force I served on was not charged with identifying specific areas in Idaho where new approaches to federal land management might work. The Working Group's report offers five such areas and is brought to your consideration by Idaho citizens. These projects all take an ecosystem management approach and they propose to accomplish twice as much as is being done on the ground today in these project areas and at a cost savings of many millions of dollars.

Environmental conditions and local economies could benefit from these projects. Today's federal land managers can be innovative. Let them try.

- **Bill Myers**

[Background. Mr. Myers is an attorney with the Boise law firm of Holland and Hart. Mr. Myers is the Chairman of the Federal Lands Task Force Working Group.]

Mr. Myers: Real property and real people are being endangered by the gridlock that epitomizes current federal land management. To use an example, one of the pilot projects contained in the

report is the Twin Falls-Cassia County area. In that area, ranchers graze on federal lands that are under the administration of the U. S. Forest Service and the U. S. Bureau of Land Management. Those agencies are contiguous in the landscape in these counties. As a rancher's cow grazes up the hill, it moves from BLM jurisdiction to Forest Service jurisdiction and back and back again as it meanders up the hillside. For the rancher, the result is a conflicting set of statutes and regulations, manuals, handbooks and case law that the rancher must deal with each and every day. This is an example of the kind of bind that a lot of ranchers find themselves in as they try to make a living with their partners, the United States government.

The gridlock means additional cost, bureaucracy and headaches. Some ranchers find that after two or three generations of this they have had enough and they decide to sell out because the expenses have become too great and it is simply too difficult to stay in business with that kind of partnership. As a result they sell their private property and they sell to the highest bidder. That often is sub-division development. When the bulls leave, the bulldozers arrive. Fabulous wildlife habitat is lost as a result. Ironically these sub-divisions that take the place of the ranches are named after the ranch that they replaced so that you get the Highlands Ranch outside of Boise or the Highlands Ranch outside of Denver or I could name a dozen others across the west.

The Working Group's proposals are new and innovative responses to years of gridlock. The proposals feature local and national input for a balanced workable approach. The benefits are many, such as public involvement in the management of the federal lands and fewer wildfires. This in turn means more recreation, cleaner streams, cleaner air and better scenery. It's a better use of our tax dollars to the federal government and it results in sustainable jobs in rural communities in Idaho. And I want to point out that what we are doing here is not really that dramatic. We are proposing projects that, in their totality within the perimeters of the five projects, cover just under eleven million acres in Idaho.

Federal Lands will remain federal. Not a single acre will be transferred to a state, local or private entity. The pilot projects are faithful to the federal environmental statutes, including the National Environmental Policy Act, the Endangered Species Act, the Clean Water Act and the Clear Air Act.

Environmental issues were considered throughout the fifteen-month effort. Working Group members live in, work in and recreate in the environment where these proposals are suggested. Environmental groups have been and are continuing to be encouraged to comment on and improve the report from this point forward, as they have been throughout. I should add that they were invited to submit pilot projects and they were also invited to take a seat among us on the working group.

The alternative is perhaps best epitomized by the situation that the federal Fish and Wildlife Service finds itself in. That agency in the Department of the Interior is currently managing from only one lawsuit to the next. They have no discretionary funds beyond the court orders that have been imposed upon them. As a result, communities and forests are dying under their jurisdiction. We can do better. We must do better if we are to enjoy the benefits from the federal lands that we have come to prize and expect.

- **Susie Borowicz**

[Background: Susan Borowicz is the principal and a kindergarten teacher for the Elk City Elementary/Junior High School.]

Ms. Borowicz: Kids are near and dear to my heart and that is basically why I am here. The children in my school, the families in my community, have all been affected by what has happened on the federal forestlands. There is definitely a gridlock. I can see it everyday. When I return back to my classroom tomorrow, it will be evident.

It is time to take charge and to move from confrontation to collaboration. Just to give an example of what is happening here because of the cuts in the federal timber dollars, our school district has lost population. In addition, my school has lost population. We are small. We are backwoods, but we are not backwards.

I had a hundred and twenty students in my school five years ago. We are down to forty students now. I supervised a teaching faculty of eight and a half teachers and we are down to three and a half now. I'm the half a teacher.

We no longer have a high school in Elk City. Our 9th through 12th graders get on a bus at six in the morning on Monday morning and they are bused out to either Grangeville High School or down to Clearwater Valley, where they stay for five days. And they board out with families that they live with. Then they come back on Friday afternoon. This is not a good situation for these kids because it is a kind of make-or-break situation, depending on the type of family they board with.

I have not had a text book budget in the last three years. We have lost activities within our district. You may remember reading in the paper last year about the cut in the sports activities. We lost our hot lunch program. We have no cheerleaders or journalism – any of those activities that enrich a curriculum of the schools in our state. Also we have had a total cut in our school funding. As a principal, I manage the budget in my school and I have seen that budget decrease.

This plan is an opportunity for us to bring the folks who are dealing with these problems on a day-to-day basis directly into making the decisions on what is going to happen on the land in the communities and in our state. It will increase the public involvement and form a process. And it also embraces all environmental laws without sacrificing anything.

The education of our children, the security and employment of our families in small communities, like Elk City, is dependent upon this project. This is just about our last best hope for the small rural communities. They are in a very desperate situation. And living among the families there I know for a fact how they are dealing with this. They are worried from day to day about the employment and where the food is coming from for their children. It is especially evident at this time of year with Thanksgiving and Christmas coming on. It is desperate. And I do not think you realize the seriousness of the situation in the rural communities and the desperateness of it.

We have an opportunity here to open recreational access to restore jobs. Plus, through a cooperative, collaborative community effort, we can bring better management to our forestlands.

Our forest health is also at risk here. If any of you have visited Elk City recently and driven up the Clearwater River, you will notice that the timber along there is dying because of bug infestation. The wildlife is at risk. We have dying trees. I am just basically asking for your support to help my community, help my students and help the forest health in the communities in small towns just like mine.

It is really scary, like what happened last summer with the fires hitting as close to home as they did and not knowing whether your home is going to be the next one to burn. It is a frightening situation to be in that position.

Each project supports the education of our children and our state. The projects also support through giving money to the county roads and systems. This is just a few of the reasons I am so enthusiastic about the work that the Task Force has done in this report and about the potential that it offers to every single student in Idaho and to every single Idaho citizen. I am very positive about this and very hopeful.

I encourage you to give your blessing to the report; to look at it; to question it, if you have questions, and to fully support it.

DISCUSSION: Attorney General Lance asked Mrs. Borowicz what percentage of her overall school's budget comes from revenues derived from timber harvest in her area – in the past and right now. Mrs. Borowicz responded they had a \$1.4 million budget for the district in the past. That figure has gone down as far as \$400,000. It has been a major cutback in the budget.

Governor Kempthorne asked Mrs. Borowicz to define the potential in the five pilot projects. Mrs. Borowicz responded the potential is to affect basically every citizen in the state of Idaho because of the beauty of the forest around. It depends upon improving our situation and the forest health. All of us enjoy going out in the woods and here we have an opportunity to improve our forest and to make it better for citizens of Boise to enjoy while also making it better for the kids in Idaho to benefit from the revenue that comes off the land. It is also an opportunity for the western United States to look at Idaho as a forerunner.

Governor Kempthorne asked how the Elk City community would benefit from this. Mrs. Borowicz responded it would put food on the table. It would give jobs and security to the families. There is no way Elk City would not benefit from this. It is so dependent upon it. The strategic position that our mill is in, 98% of the kids in my school are in some way – their families are in some way – associated with the forest industry. If we lose the mill, I hate to think about what would happen.

Governor Kempthorne asked if it was fair to say that the objective of this Working Group is not to determine how much more logging should take place, but how we can get to where we have a healthy forest. Mrs. Borowicz responded yes because so much depends upon it in the Idaho forests. I feel that is the responsibility of every one of us as an Idaho citizen.

Superintendent Howard commented that it is important to note that when a community has counted on revenue from timber dollars, and those dollars are removed, we can not go to those citizens and suggest that they run supplemental levies to support their schools. This is a community that is afraid of having enough money just to fill basic family necessities. Mrs. Borowicz agreed and added that it is not just Elk City that is affected. All of the small rural communities, that are the other party of Idaho communities, are affected.

Controller Williams complimented Mrs. Borowicz for her involvement with the Working Group. Mrs. Borowicz has spoken in real terms and about real lives. Controller Williams stated there are a lot more steps to make this effort work but people like Mrs. Borowicz make the effort all worthwhile.

- **Gerald Schroeder**

[Background: Mr. Schroeder is a retired campground owner and casual farmer near Parma.]

Mr. Schroeder: When appointed, I resolved to approach the opportunity with openness and objectivity and to place any personal reservations on hold. The ensuing 15-month period of scheduled meetings, conference calls and related activities was characterized by efficient coordination, effective leadership and balanced participation from the respective members.

During the aforementioned period, we interacted with a wide variety of individuals. Some were lay citizens who simply desired to point out pertinent situations that called for corrective action. Others were trained and experienced professionals who identified specific problems and recommended particular solutions.

In my opinion, the five pilot projects recommended warrant full consideration to pursue the acknowledged need to break the gridlock. As one who has transformed from skeptic to advocate, I consider it a privilege to have served and do appreciate this opportunity of expression.

- **Dave Whaley**

[Background: Mr. Whaley is the President of the Idaho AFL-CIO.]

Mr. Whaley: Labor represents about 43,000 families in the state of Idaho. Of those 43,000 families, one-third is directly affected by what these projects will do. For instance, we just lost the JP Mill – 214 families. In that community, the unemployment rate is at 22%. The devastation to the families and to the community is just tremendous and it is not going to stop unless the gridlock is changed.

The fires this past summer are just the tip of the iceberg if we do not control what is going on in our forests. The forest is a garden. If we take care of it properly and manage it properly, all of the citizens of Idaho will enjoy it. That includes the people that hunt, fish and recreate and enjoy those lands hiking and camping. The fires just show what is to come if the gridlock continues. The fuel on the forest floors is piling up tremendously.

And yet jobs in our communities are weakening due to the gridlock. We are not asking to take the land over. Our workers are not asking to log every log out there. As coming from that type of industry, the Potlatch Corporation, I can tell you that the workers are letting the companies know that we are not into striping land. We are into property management because we work, recreate and enjoy those lands as much as anybody else.

While participating on this committee, the one thing that really struck me, and was very heartfelt, was the grazing issue. When you listen to these people and hear the compassion and how their livelihoods are in jeopardy, it just takes the heart right out of you to understand what they are going through.

We have five pilot projects proposed here with a lot of work and a lot of emphasis, but it still needs the state's support and the federal government's support. With that support, we can change a lot of the gridlock that is here. And we can involve everybody in the community, in the state, that wants to participate. The door is always open.

The federal government has had an extreme problem with the gridlock in lawsuits and the money that goes into them. Those lawsuits take away from the reforestation programs and ultimately tens of thousands of acres are being written off and not replanted. We must end this.

I ask you to support this effort for the communities, the workers and for our forests.

- **John Foard**

[Background: John Foard is a Boise County Commissioner.]

Mr. Foard: The gridlock situation has created a fiscal impact on the counties and on the schools through the loss of the timber funding. The Craig-Wyden bill was passed and signed into law and is currently in the process of being implemented. As you well know, the Craig-Wyden bill is term limited. Part of what the Craig-Wyden bill establishes is a national committee to look at long range solutions to problems on our federal lands. The five projects being presented here do several things.

After the wildfire season, the Clinton administration came forth with a program to reduce catastrophic fire risk, particularly in the wildland-urban interfaces. Part of the program from the Clinton administration is to emphasize collaboration and cooperation at the local level and the involvement of local officials and local citizens in the solutions. Each of the five projects fit in that line of thought and policy as presented in the Clinton administration project. If we were able to implement these projects in some degree of urgency, they would serve, either collectively or individually, as examples for the national committee under the Craig-Wyden bill in seeking long-term solutions to federal land management, not only in Idaho but also throughout the whole United States.

Finally, as a member of the Board of Directors for the Idaho Association of Counties, I am providing you with the recommendation and support of the Idaho Association of Counties along with their request that the board accept the recommendations of the Working Group.

DISCUSSION: Governor Kempthorne commented that Commissioner Foard is absolutely correct in the establishment of the actual language of the Interior Appropriations Bill. The Bill was an outgrowth of the meeting between the Western Governors' Association and Secretaries Babbitt and Glickman. To paraphrase the language in the Interior Appropriations Bill, which has been signed into law, it states that the directors, or their secretaries, are directed to make the states full partners in dealing with a ten-year program to bring about the restoration of our forest. This serves as a good collaborative process to achieve that.

Governor Kempthorne requested that Jay O'Laughlin speak about the GAO report with regard to the overall condition of U. S. forests. Due to the fuel load in the forests, we will continue to see devastating fires. Hundreds of thousands of acres will be lost. Our firefighters, who are the heroes in this whole scenario, find that the greatest they can accomplish is to somehow shape the fire to keep it away from populated areas. But in many instances these fires will not be extinguished until the snows fly. When you say that in the month of July, it really shows the enormity of the situation. When stream canopy is lost, water temperature goes up and affects the fish we are trying to save. It is predicted that we will have devastating fires during the next decade and it is predicted that not only will there be a loss of critical habitat and a loss of species, but there will also be loss of human life. Governor Kempthorne asked Mr. O'Laughlin how this proposal fits into the overall picture that the federal and state partners are trying to achieve.

Mr. O'Laughlin responded that this takes the national problem from a very large scale to a local level because that is where the work gets done. Fires that the west has never seen before have occurred because of the many decades of the accumulation of fuel in the forests. Fire and logging are the only ways to remove fuel from the forest. Many of the forests being alluded to, at least 30 million acres, have a fuel load too high to use prescribed fires. Some mechanical method of fuel treatment is necessary and the only way to do that is by logging. Some people call it thinning. The tool that actually does the thinning is logging.

These decisions can not be made at a wholesale west wide scope. They have to be done at the local level to ensure that the actions that are taken locally are going to have beneficial, rather than detrimental, environmental effects. Fire is a natural part of these forest ecosystems throughout the west. We can not forget that. But the fires that we have now are not natural.

Governor Kempthorne commented we are seeking a fire safe forest. We know that there will continually be fires. Mr. O'Laughlin stated there is no way to stop that. But what can be done is to make the negative environmental effects of forests less negative and more palatable so that you do not destroy the vegetation and the wildlife habitat and also the soil itself. Some of the fires that we have now are so intense that the soil itself becomes unproductive after the fires.

Governor Kempthorne asked Mr. O'Laughlin to address the issue that if these fires continue, it is not simply a matter that all of the same vegetation will come back after the fire because of the advent of noxious weeds. Mr. O'Laughlin responded that weighs another problem on top of it. It is a fairly complex situation because almost every acre across the west is different than every other acre. That is why a local approach is necessary. Decisions about Elk City can not be made from Washington, D.C. You have to go out to Elk City and work with the conditions there.

The federal government undertook the Interior Columbia Basin Ecosystem Management Project, a project that has been going on for seven years now and still has not wound down. The scientists active on that project completed their report in 1996. They said that active management of these federal lands will provide the things that people want from these lands and will also restore and

maintain ecological integrity. Yet here we are four years later and we are in a passive management rather than an active management.

- **John McGee**

[Background: John McGee is the coordinator for the Federal Lands Task Force Working Group.]

Mr. McGee: In 1996 the Land Board appointed the Idaho Federal Lands Task Force to examine issues of federal land management in Idaho and to analyze alternative methods of federal land management. Two years later the Task Force recommended that pilot projects should test three models of alternative land management – the collaborative model, the cooperative and the trust model.

The five pilot projects share some common features. They maintain and enhance environmental quality. They obtain land management goals and objectives. They create more effective public participation. They each draft environmental impact analysis. They each draft and implement long range plans.

In a nutshell, these projects represent a new way of thinking about public land management. They provide for local control and extensive public involvement. They provide a balanced, workable approach to environmental management while continuing to follow current environmental law. The projects provide another benefit in that they continue to provide opportunities for state and local partnership with federal agencies.

- ♦ **The Central Idaho Ecosystem Trust**

The Central Idaho Ecosystem Trust encompasses 5.8 million acres. That includes the entire Boise National Forest and parts of the Payette, Sawtooth and Salmon-Challis National Forests. Each of these proposals has specific goals. The goals of the Central Idaho Ecosystem Trust are to restore vegetation to desired ecological conditions while meeting social needs with an economically oriented management framework.

There are several key features that make the Central Idaho Ecosystem Trust unique to federal land management. This project is set up as a trust much the same as a will or other legal uses of a trust. The trustees would come from both local and national interests and trust revenues would reflect public values and will be long term in nature. The beneficiaries of the trust, the entities who receive advantage, are fish and wildlife, recreation and local government.

An ecosystem diversity matrix, with some of the most advanced technology available to measure conditions in nature, will be used to make decisions and to measure projects. Also, a local advisory council will be appointed by the trustees and will function as a sounding board for the trust manager in the decision-making process and will manage public involvement in the planning process.

- ♦ **The Clearwater Basin Stewardship Collaborative**

The Clearwater Basin Stewardship Collaborative encompasses parts of the Clearwater and Nez Perce National Forests and holds approximately 2.7 million acres. The goal of the Clearwater Project is clear and simple – restore habitat for elk and other indicator species consistent with social objectives and historical conditions.

The Clearwater Basin Stewardship Collaborative is composed of a collaborative group of no more than fifteen members that will include a wide range of environmental and multiple use, local government and Native American interests. The Collaborative group will be charged with developing annual and five-year plans for the management of the area. The Collaborative Group will solicit and consider public input to determine the goals and objects for the plans. Vegetation restoration is one of many guidelines that will be used by the Collaborative Group.

♦ **The Priest Lake Basin Cooperative**

The Priest Lake Basin Cooperative is made up of 265,000 acres on the Priest Lake District of the Idaho Panhandle National Forest. The main objective of the Priest Lake Project is to coordinate management and efforts of state and federal agencies. By doing this it is hoped that the agencies, working together, can restore and enhance ecological conditions, improve resource management for wildlife, improve recreation and balance economic uses.

Under the Priest Lake Basin Cooperative, a Memorandum of Understanding would be signed between the Forest Service, the Idaho Department of Lands and the Idaho Department of Parks and Recreation. A group of local agency managers, consisting of local managers for the Department of Lands, the Department of Parks and Recreation and the Forest Service would guide the management of the cooperative using multiple-use objectives. Like the Central Idaho project, a public advisory committee will be used to gather and evaluate information to come from the public.

♦ **The St. Joe Ecosystem Stewardship Project**

The St. Joe Ecosystem Stewardship Project is made up of 726,000 acres located in the St. Joe District of the Idaho Panhandle National Forest. The goal of the St. Joe is to restore and enhance ecological conditions through stewardship contract pilots – contracts that have already been authorized by Congress. Stewardship contracts have proven to be successful in other areas of the country and in Idaho already.

The St. Joe Project has several key and unique features. One of these unique situations would be that we would improve the ecosystem conditions. Next, we would have local government support. There would be watershed improvement. We would restore western white pine, western lodge and Ponderosa pine. We would increase the forage for elk and other big game species. In this situation, we would have both a local advisory committee and an investment project advisory committee that will oversee work in the forestland.

♦ **Twin Falls-Cassia Resource Enhancement Project**

The fifth project is the Twin Falls-Cassia Resource Enhancement Project. It is a trust. This project is composed of 1.3 million acres and it is a combination of BLM and Forest Service lands at an almost 50-50 split. About 400,000 acres are in the Twin Falls Resource Management Area. Another 200,000 acres are in the Burley Resource Management Area and 600,000 acres are in the Sawtooth National Forest on the Twin Falls and Burley Districts.

The goals of the Twin Falls-Cassia Project are to provide sustainable use and enhancement of local ecological assets and to balance established and emerging cultures. There are key features to the Twin Falls-Cassia Trust. Again, we would try to enhance environmental quality. We would try to enhance recreation at the same time. This project would focus on the long-term stability of the communities in the area and would include diverse trust beneficiaries. There would be coordination through the trustees and this project would include a local steering committee.

Eight outcomes will result from all of the pilot projects. First, land management agency budgets will be stabilized. Federally administered lands will be managed in a fiscally responsible manner. Management of federally administered lands will be scientifically based and that fish and wildlife will be enhanced. Also, local federal agency land managers would be given greater flexibility in decision making and that all state and federal laws would be obeyed.

It has been said by the Working Group members and by the Governor and Jay O’Laughlin that most people agree that the current system for federal land management in the United States is broken. It is our hope that these pilot projects, which have undergone a great deal of refinement and analysis, will help break the gridlock that currently exists on federal lands in Idaho and across America.

Conclusion by Bill Myers, Chairman, Federal Lands Task Force Working Group

Mr. Myers: The Working Group recommends that the Land Board accept the report today and, as soon as possible, provide a 30-day public comment period so that the citizens of Idaho can consider the merits and demerits of the proposals. The Working Group recommends that the Idaho Legislature review the report and, beginning today, the Group suggests that a program of outreach and education be undertaken so that the citizens across the state can get a better idea of what is being suggested.

The Working Group then believes that after the public comments have come in, and have been considered by the Group, perhaps the Land Board at its February meeting can recommend to Congress that it consider this report since many of the proposals presented will require some congressional consideration and activity. The Group also suggests that the board direct the Department of Lands to immediately begin the process of drafting federal legislation. With a new administration and a new Congress, things are moving very quickly.

DISCUSSION: Governor Kempthorne concurred with the need for a 30-day public comment period. Due to the upcoming holidays, he stated he would be reluctant to start that 30-day period immediately. Governor Kempthorne suggested February 1, 2001 as a deadline for comments to be in. He asked Mr. Myers if any further legislative action would be needed. Mr. Myers responded that would be sufficient. Mr. Myers suggested that the report be placed on the Department of Lands web site before the end of the year so that the public would have more than 30 days for review. Mr. Myers deferred to Director Hamilton with regard to the legislative question. Director Hamilton stated at this point there is probably nothing else that needs to be done but that the department will review the matter to be sure.

Attorney General Lance commented that our legislative body might want to do a joint memorializing resolution embracing or endorsing the concept. In the report you see a bipartisan effort in terms of all Idahoans coming together who are concerned about these issues.

Attorney General Lance said it was personally gratifying to hear comments from Mr. Jerry Schroeder, who testified earlier, and who was, in fact, against establishing the Federal Lands Task Force. After studying the concept, Mr. Schroeder became one of the proponents who made great contributions to this joint effort. Attorney General Lance thanked all of those involved.

Secretary of State Cenarrusa echoed the word of Attorney General Lance. He stated that there was a time when he did not think this was going to get anywhere. There was so much opposition going one way and another. It is gratifying today to see how far we have come and how much good has been done.

Controller Williams stated that this is another great step. We will get this done by doing a lot of little things in the right order and trying to do them very well. And this has been done very well. What is necessary now is to involve as many Idahoans as possible in reviewing and commenting on the report.

Controller Williams commented that additional appropriations will probably be needed to keep the effort going. He agrees with the idea of starting the legislation so that if the public feedback is good, and we make the decision to go ahead, everything will be in place and can move very quickly.

Superintendent Howard commented that she is very pleased with the entire project because it really addresses the three generation rule of how will this look in three generations. The focus on the quality of the land, the water, the people and on the jobs that will be there, as well as just having Idaho as a resource for our future generations, is certainly a big thing and was addressed in a nice balanced way.

Governor Kempthorne stated that a motion would be in order to accept the report and then to lay out the steps forward. The report will be placed on the Department of Lands web site. The first of February will be set as a date to have received public comment. Concurrent with that, draft federal legislation will be prepared. Copies of the report will be made available to our congressional delegation working with the department on the legislation.

In closing, Director Hamilton commented that the Working Group put in a tremendous amount of effort over the last fifteen months. He also wanted to recognize three additional people who contributed greatly to the Group's effort. Dr. Jay O'Laughlin, who has already been recognized by the board, put in a tremendous effort. Two other people who helped prepare, refine and develop some of the pilot projects are Bill Bachman, who worked on the Twin Falls-Cassia Project, and Vinnie Carrao, who handled the other four pilot projects. Mr. Carrao is with Northwest Management out of Moscow.

BOARD ACTION: A motion was made by Attorney General Lance to accept the Working Group's final report. Secretary of State Cenarrusa seconded the motion. The motion carried on a vote of 5-0.

10. Lacey Meadows Grazing Lease Auction Appeals – *Presented by Tracy Behrens, Range Management Specialist*

DEPARTMENT RECOMMENDATION: The department recommends that the board reject the high bid of \$8,000 submitted by IWP and offer the new ten-year grazing lease to LMGA at their high bid of \$7,500. The new lease will incorporate the management proposal submitted by LMGA prior to the auction plus the additional terms noted earlier in this document. The department also recommends that the board find IWP's appeal of improvement crediting moot.

DISCUSSION: Attorney General Lance commented it is his understanding that IWP submitted a management plan the day of the sale. Mr. Behrens stated that is correct. Attorney General Lance asked where it is required that there is a time cutoff or a deadline for the submission of that plan. Mr. Behrens responded the department's current policy, based on some Land Board action a year or two ago, is that the board will consider any management proposal that is submitted by the day of the auction. The policy includes a statement that if the proposal is submitted no later than fourteen days before the auction the department will provide feedback to that applicant as to whether or not their proposal is acceptable. But the current policy has no absolute requirement that the proposal be submitted any time in advance other than the day of the auction. And the past history with IWP is that they have submitted their proposal on the day of the auction.

Controller Williams asked for the value of the outstanding timber sale contracts on the 16,000 acres. Mr. Behrens responded timber sales currently under contract within the allotment involve 28 million board feet of timber with an estimated value of \$7.8 million and those are sales that are currently active.

AUDIENCES WITH THE BOARD

AUDIENCE WITH THE BOARD: Chris Clark, Secretary-Treasurer for the Lacey Meadows Grazing Association, was granted an audience with the board.

Mr. Clark: The threat of fire on this allotment is a huge concern to Mr. Clark and to other families because their land borders state lands. Mr. Clark feels that removing livestock from the allotment not only is putting timber dollars at risk but that it also puts private operations at risk. Mr. Clark stated that this allotment is used heavily for recreation and that the Association feels that IWP's management objective of using deer and elk to reduce fine fuels is unrealistic.

Mr. Clark stated that if Lacey Meadows is not awarded this lease they will have to find alternative places to graze their cattle. They can adapt but they need to know as soon as possible. He stated that there is not a lot of private grazing in the area because of the large land bases that belong to Potlatch and the state.

Mr. Clark feels that the overall health of the allotment is in good shape. A few problem areas have been identified and are being addressed by the Association, as well as by the state. Mr. Clark stated it does not meet the state's objectives to take the cattle out of the area because of one special interest. He feels it would be short circuiting the whole process by letting someone come in and take away the management objectives that have been put forth already to achieve the state's management goals.

DISCUSSION: Governor Kempthorne commented that the report points out some of the riparian areas are not in what would be termed satisfactory condition. It appears that topic has been discussed between the Idaho Department of Land and the Lacey Meadows Grazing Association. Modifications have been identified that would be made to bring about the improvement in those riparian areas. Governor Kempthorne asked Mr. Clark if he would address that issue.

Mr. Clark stated that the unsatisfactory condition mostly stemmed from water quality monitoring and that a lot of the monitoring results were not directly attributed to livestock on the open range. As a permittee, the Lacey Meadows Grazing Association meets with the state every spring to address certain specific issues.

Controller Williams commented that the department has recommended that Lacey Meadows continue holding the lease. The department has included some management goals as part of their recommendation. He asked Mr. Clark if the Association is in full agreement with complying with those management goals. Mr. Clark stated that the Association has had continuing dialog with the state and that the Association agrees with objectives set forth in the lease.

Secretary of State Cenarrusa asked Mr. Clark if the Department of Environmental Quality has completed any water quality analysis on the streams. Mr. Clark responded that he believes that water quality monitoring was done as part of the Fords Creek Water Quality Project. He believes the DEQ may have been involved with that project.

Superintendent Howard asked Mr. Clark about item A. Item A in the lease indicates that Lacey Meadows Grazing Association will provide a rider. She asked if the rider has always been a part of the lease. Mr. Clark responded that Lacey Meadows has never had a requirement for a rider in the lease before. Most of the members of the Association live adjacent to the land and would address cattle concerns through the state personnel managing the timber. If there was a problem with cattle in an area where they were not supposed to be, the Association would be made aware of the problem and would go out and move the cattle. The Association uses a deferred grazing system so they would move cattle from one area to another at specific times. The addition of a rider in the lease is an additional expense for the Association. However, a rider will provide more intensive monitoring than in the past.

AUDIENCE WITH THE BOARD: Jon Marvel, Executive Director, Idaho Watersheds Project, was granted an audience with the board. Mr. Marvel distributed a prepared statement to the board and requested that the statement be incorporated into the record. Mr. Marvel then read the prepared statement. Key excerpts from Mr. Marvel's statement include:

- The fiduciary responsibility of the Idaho Land Board is to secure the maximum long term financial return for the beneficiaries of land endowments under its jurisdiction.
- The department's memorandum recommending the award of this lease to the low bidder conveniently ignores many factual issues, several of which have been brought to the attention of the department by IWP.

- That the April 1997 issue of Conservation Biology contains a substantive article by Dr. A. Joy Belsky which analyzes how grazing by domestic livestock has contributed to increasingly dense western forests and changes in tree species composition which has resulted in the reduction of timber values in western interior forests of the United States.
- That there is no scientific evidence that the lack of grazing by a non-native, exotic introduced species will negatively effect native upland forage species.
- That the department's speculation that it will incur additional management expenses if IWP is awarded the lease is mere speculation since the existing administration of grazing leases on timberlands managed by the state in north Idaho are virtually nonexistent and will continue to be.
- That the department's claim that it needs "to maintain management opportunities to actively participate in livestock management decisions" is specious.
- That IWP agrees with the department's memorandum to the board that IWP's management will result in much faster recovery of riparian areas on this lease and reiterates that the board's acceptance of IWP's high bid will comply with all of the board's fiduciary responsibilities to the various endowment beneficiaries.

AUDIENCE WITH THE BOARD: Laird Lucas, Boise, Attorney for Idaho Watersheds Project, was granted an audience with the board. Mr. Lucas stated he wanted to address a legalistic issue that Mr. Marvel's comments put into focus. Mr. Lucas offered a suggestion to the board as to how the board can handle grazing matters in a better way, which will save the board's time, save IWP's time and that will reach a better decision.

Mr. Lucas: Mr. Lucas stated that litigation to date has basically resulted in a situation where the Land Board and the Department of Lands understands the need to have auctions. He feels that this is a case of how an auction brings in more money to the endowment because both parties bid high. The question is how does the board decide to award leases when there is an auction and there are two different competing parties.

Lacey Meadows and the Department of Lands have presented a variety of management considerations to the board. IWP disputes some of the factual predicates. IWP feels the department's memorandum has a variety of factual assertions, such as removal of fine fuels will reduce catastrophic fire threats and that the Idaho Department of Fish and Game has told the department things about deer and elk and how the animals may recover. IWP believes that there is no scientific basis for a number of the assumptions made in the Department of Lands recommendation.

Mr. Lucas stated that these kinds of factual disputes are usually resolved through contested case hearings. An administrative law judge, or some kind of officer, is appointed to hold a short hearing. Both parties put on witnesses and then the administrative law judge makes a recommendation to the board as to who the lease should go to and what the facts are.

Mr. Lucas stated he believes that the Idaho Administrative Procedures Act actually requires that kind of proceeding in this setting. He stated that the Idaho Supreme Court has held that this Land Board is an agency subject to the APA and the APA provides that when orders are being issued by an agency a contested case hearing is the appropriate procedure. IWP has raised this issue in past appeals to the Idaho Supreme Court but it has never been addressed. The issue of whether a contested case hearing is required with these grazing leases is an open one.

Mr. Lucas requested that the board, instead of voting today, remand this issue to an administrative law judge to do a fact-finding inquiry and then reconvene to consider the findings.

DISCUSSION: Secretary of State Cenarrusa asked if there is any critical habitat for lynx in the area. Mr. Behrens stated he did not have an answer to that question.

Controller Williams commented that, believing he had not been in this area before, he asked the department to arrange a visit. He visited the area in either September or October. During his visit, Controller Williams spoke with department area staff, with Mr. Clark, with Representative Chuck Cuddy and with some other individuals. Controller Williams was impressed with the area. The area has good roads, which means the public has ready access at any time. The area has some of the most productive forest property the state owns.

Controller Williams commented he has read Mr. Marvel's statement regarding fuels and he feels common sense can be applied. Having been raised on a cattle ranch, Controller Williams knows that cattle have a great impact on forage. He knows that cattle will decrease the undergrowth. As to the question of fencing, Controller Williams stated that while there are fences primarily to help the trees get started, periodically cattle are let in through gates. Cattle are not totally excluded but are used as a management tool.

In January 2000, the board adopted guidelines on how to handle conflicts. After reading Idaho Supreme Court cases on grazing leases, Controller Williams feels it is clear that the Idaho Supreme Court has given the board an incredible amount of discretion. Under number two of the guidelines, it says if the board rejects the highest premium bid made at auction it shall articulate reasons why, in its discretion, it is in the long term best interest of the beneficiaries of the endowment to reject the high bid.

Guideline #3 states:

3. Reasons which the board may articulate in support of its decision may include, but not be limited to, any of the following:
 - a. The unique characteristics of the land involved, such as being a source of water or access or a key location that impacts the proposed lease or other endowment property.
 - b. The relationship of the lease lands to other state endowment lands and/or other lands in the grazing allotment which directly benefit the endowment, i.e., rest rotation and pastures that improve the forage on the lease.
 - c. The impact on the existing grazing management plan or goals determined by the state Department of Lands regarding the leased property and approved by the board, i.e., forage management objectives to secure maximum long-term return to the endowment, such as improvement of forage on the lease or prevention of range fires by grazing of forage on the lease.

Controller Williams believes the second option applies to this situation. Number two refers to the relationship of the lease lands to other state endowment lands and/or other lands in the grazing allotment which will directly benefit the endowment, such as rest rotation, etc.

In this situation the grazing lease will have a direct impact on a very valuable endowment asset – timber. Controller Williams commented that to him common sense dictates that for \$500 difference, it does not even come close in a trust fiduciary responsibility to go with taking the cattle out because of the potential impact. If there were a fire, the state would lose centuries worth of \$500 in one fire. Controller Williams stated he believes that the department's recommendation is well thought out, well reasoned and should be supported.

Attorney General Lance commented that the state has about \$7.8 million worth of timber there. If one were to look at the \$500-premium differential as insurance, that would be six tenths of one per cent per thousand dollars worth of coverage that the cattle would keep the undergrowth down and save the state from possibly losing \$7.8 million in timber sales.

Attorney General Lance believes that the test enunciated by the Supreme Court is what would we do with our own property if we owned this. How would we treat it? How would we deal with it? Attorney General Lance feels he would probably spend six tenths of one cent per thousand dollars worth of coverage. Over ten years that comes to \$50 per year. Also, the state has had a long relationship with this tenant and, in spite of a couple of disagreements, the tenant has proven to be a good tenant. If this were a condominium would we evict everyone just because we have a \$50-a-year increase in terms of the rentals? Attorney General Lance stated if he had a good tenant in place, who is a good steward of the land, and there is an ongoing and long term relationship, he would not do that if he personally owned the property.

Attorney General Lance stated he concurred with the comments made by Controller Williams. In addition to that, Attorney General Lance stated that this is pretty cheap insurance in terms of protecting this valuable asset, i.e., the \$7.8 million worth of timber and the 16,000 acres. For these reasons, Attorney General Lance stated he would vote to endorse and embrace the recommendations of the department.

Superintendent Howard stated she feels one of the board's interests in the auctions has been that people bid the value of the lease. During the last year, the board has seen more of a commitment to bidding to the value of the lease rather than assuming the Land Board will appoint on the basis of history. In this particular auction Dr. Howard believes Lacey Meadows Grazing Association did try to bid the value of the lease. Beyond that, we need to look at the big picture. She feels that this is part of the collaborative attitude heard earlier today. When we work with people in a collective rather than a fragmented way we should be able to achieve good ends.

Dr. Howard stated she wanted to focus on the department's recommendations and on the comments by Mr. Clark that the board would be seeing a more progressive attitude toward having an active type of management over these lands.

Governor Kempthorne concurred with the statements made. He agreed that Lacey Meadows Grazing Association has been doing a good job. But the need for improvements in certain riparian areas has been noted and Mr. Clark has indicated that modifications will be made to the management in those areas. As pointed out by Attorney General Lance, Governor Kempthorne commented that when you have a group, who has been doing a good job in their relationship with the state, there is not an overwhelming reason to change.

Secretary of State Cenarrusa commended IWP for calling attention to the livestock people, ranchers and others that they better be on their toes and they better take care of their lands properly.

BOARD ACTION: A motion was made by Attorney General Lance to accept the department's recommendation. State Controller Williams seconded the motion. The motion carried on a vote of 5-0.

11. Hubbard Reservoir Land Reclassification – Presented by Tracy Behrens, Range Management Specialist

DEPARTMENT RECOMMENDATION: The department recommends that the lands in expiring grazing lease G-6252 be reclassified from General Management Zone – Range Grazing to Special Management Zone – Recreation/Wildlife Management. Upon reclassification, the department will issue a ten-year Miscellaneous Lease to Ada County Parks and Waterways.

AUDIENCES WITH THE BOARD

AUDIENCE WITH THE BOARD: Conley Ward was granted an audience with the board. Mr. Ward is a member of a family partnership that currently holds the state lease. His family farms the adjacent ground to the east of the Hubbard Reservoir site.

Mr. Ward: Mr. Ward stated he has no objection to the reclassification of this land. The land is not particularly valuable as grazing land but it is potentially very valuable as recreational land. Mr. Ward stated his real purpose for attending the Land Board meeting was to urge the board to investigate an alternative other than passive management.

In the spring the reservoir is filled to approximately 170 acres. That pool dwindles over the summer to virtually nothing and then over the winter it is probably not more than a foot deep and ten acres in expanse. As a long-term matter, Mr. Ward suggested that the state look at the possibility of acquiring enough water to keep a pool in the reservoir. Mr. Ward stated that is his long-range agenda.

Mr. Ward stated he is concerned about fire danger. He feels the easiest way to handle that danger would be to allow his family to graze a small buffer strip adjacent to their property. While the families have their houses built back, they have outbuildings, fences and crops adjacent to it.

Mr. Ward stated another concern is weed control. His family has worked to control morning glory and thistle but white top is still a problem. If a new lessee takes over the lease, weed control needs to be addressed.

AUDIENCE WITH THE BOARD: Darwin McKay was granted an audience with the board. Mr. McKay runs a turf production operation that shares a common boundary with the state land along the basin area. Although his operation is typically on higher ground, occasionally water comes up onto the lowest portion of the private land.

Mr. McKay: Mr. McKay stated he is in favor of the proposal for Hubbard Reservoir. As the county grows, he feels this would be a much higher and better use of the land. Should the proposal go forward, Mr. McKay asked that a dyke be created, or that permission be granted for a dyke to be created, to protect the private land. Also, Mr. McKay asked that the state release their claim of Easement 108, which was the old easement.

AUDIENCE WITH THE BOARD: Donna Griffin, Director, Ada County Parks and Waterways, was granted an audience with the board.

Ms. Griffin: Ms. Griffin stated that the Commissioners highly support this project and feel that this is a good opportunity to work with a very unique piece of property that lies in an area of significant growth on the outskirts of Kuna, Meridian and Boise. The Commissioners are interested in preserving the area for future generations.

Limited parking facilities have been proposed along with improved restroom facilities and a vegetation plan. The county would be interested in working with the private property owners to have the area grazed, at least minimally, to keep the fire danger and cheat grass down. The county's Weed Control and Pest Abatement Department has offered to help. The county has had the cooperation of the Department of Fish and Game and the Bureau of Reclamation. The county will sign a Memorandum of Understanding to utilize the technical resources of the Department of Fish and Game. The Bureau of Reclamation has indicated that there may be money pools available. The Audubon Society and Ducks Unlimited have expressed support for the proposal.

DISCUSSION: Governor Kempthorne commented that the board would like to see this idea developed further and to have funding sources identified. He thanked Ms. Griffin for her presentation. Mr. Behrens will coordinate with Ms. Griffin on the development of the proposal.

BOARD ACTION: This agenda item was deferred for further study.

12. New Cottage Site Lease – Presented by Bryce Taylor, Chief, Bureau of Range Management and Surface Leasing

DEPARTMENT RECOMMENDATION: Approve the new cottage site lease with an implementation date of January 1, 2001, which incorporates two lease payments rather than one annual payment.

AUDIENCES WITH THE BOARD

AUDIENCE WITH THE BOARD: Mr. Chuck Lempesis was granted an audience with the board.

Mr. Lempesis: Mr. Lempesis stated that tremendous progress has been made over the last couple of years. The effort has been very contentious and remains litigious to some degree.

Mr. Lempesis strongly asked that the board delete any addition in the lease that says the board retains the right to unilaterally change the terms of the appeal process. He stated that the associations will always in good faith confer with the board about the efficiency and viability of the process but that the board can not maintain the right to unilaterally change its terms.

Next, Mr. Lempesis asked that the board revisit the issue of the ten-percent premium tax. He feels this is a "very, very slippery slope" for the Land Board to adopt the retention of that tax without any justification.

Last, Mr. Lempesis asked that the board thoroughly consider whether it wants to continue to use the Bonner County Assessor to violate state law to perform unreliable estimates of property values.

AUDIENCE WITH THE BOARD: Jim Parkinson, President of the Payette Lake Cabin Owners, was granted an audience with the board.

Mr. Parkinson: Mr. Parkinson stated he does not feel the lessees have had any certainty with their leases. He feels the process has come far from where it was in 1980 but if the appeal process is removed, everyone is right back where they were ten or fifteen years ago, with uncertainty. He feels the lessees are entitled to the appeal process currently in place.

BOARD ACTION: State Controller Williams moved that this agenda item be deferred to the February 2001 regular Land Board meeting. In the meantime, the lease payments due for the year 2001 will be made with the understanding the payments can be made as semi-annual payments, if desired. Attorney General Lance seconded the motion. The motion carried on a vote of 5-0.

13. Approve Director's Decision on Cottage Site Land Value for 1998 and 1999 – Presented by Alvin Carr, Leasing Specialist

DEPARTMENT RECOMMENDATION: The department recommends approval of the Director's decision regarding the Priest Lake lease lot valuation appeals of the January 1, 1998 and January 1, 1999 lot valuation; and the Director's recommended changes to the appeal process.

BOARD ACTION: By unanimous consent, this agenda item was deferred to the February 2001 regular Land Board meeting.

14. Fred Bagley Lease Rental – Presented by Alvin Carr, Leasing Specialist

DEPARTMENT RECOMMENDATION: Approve the Director's final decision regarding land value and subsequent rental for the years noted.

BOARD ACTION: The board took no action on this agenda item. The appeal had been dismissed.

- **INFORMATION AGENDA**

Director Hamilton briefed the Land Board on the Information Agenda items. No Land Board action is required on the Information Agenda.

15. Timber Sale Activity Report

16. Tussock Moth Update

17. Lease with Office of Species Conservation – Capitol Park Plaza Building

18. Continuance of Priest Lake Cottage Site Lot Value Appeals

- A motion was made by Attorney General Lance to resolve into Executive Session at 1:20 p.m. Secretary of State Cenarrusa seconded the motion. The motion carried on a vote of 5-0.

- **EXECUTIVE SESSION**

A. To Consider Acquiring an Interest in Real Property Which is Not Owned by a Public Agency, Idaho Code § 67-2345 (1)(c) – Presented by Perry A. Whittaker, Chief, Bureau of Real Estate and Kent Nelson, Deputy Attorney General

B. To Consider and Advise Its Legal Representatives in Pending Litigation or Where There is a General Public Awareness of Probable Litigation, Idaho Code § 67-2345 (1)(f) – Presented by Clive Strong, Deputy Attorney General

C. To Consider Personnel Matters, Idaho Code § 67-2345 (1)(a) and § 67-2345 (1)(b)

- Upon unanimous consent, the board resolved into Regular Session at 2:10 p.m.

There being no further business before the board, the meeting adjourned.

IDAHO STATE BOARD OF LAND COMMISSIONERS

/s/

President, State Board of Land Commissioners and
Governor of the State of Idaho

/s/

Pete T. Cenarrusa
Secretary of State

/s/

Stanley F. Hamilton
Director

The above-listed final minutes were approved by the State Board of Land Commissioners at the February 13, 2001 regular Land Board meeting.